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RESEARCH COMPLETED
FOR: E-Commerce and Catalogue Industry
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Summary

This report provides an overview of e-commerce and catalog marketing in several foreign English-speaking markets, including Australia, Canada and the United Kingdom.

Australia

Australia: Country Commercial Guide 2007
(page 13-14- Online Commerce, page 10-11 Direct Marketing)
U.S. Commercial Service
Link: http://www.buyusainfo.net/docs/x_7846928.pdf

Australia's highly competitive $11.9 billion direct marketing industry is a growth sector. This includes telephones, mail (catalogs/direct mail), traditional broadcast and print media, and the Internet. Direct mail is the second largest category of the direct marketing industry (after telemarketing), with about 35% share. Direct mail is experiencing significant growth, largely in the finance industry but also in retail, community services, communications, insurance, utilities, government, entertainment, and travel. Television ranks third, followed by radio, newspapers, the Internet, and magazines. *(pages 10-11)*

In Australia there are approximately six million Internet subscribers. These comprise 867,000 business and government subscribers and almost 5.1 million households. Large Australian retailers generally use their sites to provide customer information and retail listings, typically not for direct Internet sales. Many Australians turn to U.S. sites like eBay and Amazon for online purchases.

Recent figures indicate that business-to-business (B2B) commerce equates to just over 1% of GDP. Nonetheless, B2B e-commerce continues to expand, with many industries refining supply chains and integrating systems with suppliers to improve efficiencies in operations. Many industries have aligned themselves with vertical online buying exchanges, as buyers realize the cost savings that are possible with ordering over the Internet. *(pages 13-14)*

Additional Resources:

E-Commerce in the Agricultural Sector
December 2000, U.S. Commercial Service
Link:http://www.buyusainfo.net/info.cfm?id=98269&keyx=9C8D6DB8988254AAF258086C7C607B6F&dbf=mrsearch1&loadnav=no
In 2000, Australia was identified as a prospective market for development of e-commerce in the agricultural sector.

Leader in E-Commerce Useage and Web-tech
May 2000, U.S. Commercial Service
Link:http://www.buyusainfo.net/info.cfm?id=100920&keyx=9DB743363B6FF1DC881AF77720
86BACF&dbf=mrsearch1&loadnav=no&archived=no&addid=

Online Trading & E-commerce for Electricity Industry
October 2000, U.S. Commercial Service
Link:http://www.buyusainfo.net/info.cfm?id=85208&keyx=A03CD8B958AE61B5D1144A74C5
C744C3&dbf=mrsearch1&loadnav=no

Canada

Direct Marketing in Canada: e-Commerce and Catalogue
December 2007, U.S. Commercial Service
Link: http://www.buyusainfo.net/docs/x_2686158.pdf

In 2006, Canadian business-to-consumer (B2C) sales increased 61% over 2005 to reach in excess of $15 billion, while business-to-business (B2B) sales were valued at $31.4 billion. As an increasing number of Canadians subscribe to the Internet and many become online shoppers, advertisers have responded by nearly doubling their online marketing spending to $1 billion. Online shoppers are categorized as 55% female, predominantly young, and wealthier than average.

Canadians are expected to double the purchase value of retail goods bought online from $8 billion in 2006 to $16 billion by 2009. Since 2000, growth of Canadian private businesses using the Internet to sell goods/services has paled in comparison to the growth of private businesses using the Internet as a purchasing tool over the same time period.

The catalogue market is also experiencing growth, and is far from saturated. While circulation in 2002 was limited to 35 titles, in 2005 that number had dramatically increased to 135. Frequent catalogue recipients also reported the highest levels of online shopping.

Challenges facing direct marketers entering the Canadian market include the logistics of smooth cross border shipping and price calculation with consideration for taxes and any duties. It is important for Canadian online shoppers that there are no surprise fees after they decide to make a purchase, such as those resulting from currency exchange or customs clearance. Providing a Canadian interface that takes these expenses into consideration is important for satisfying this market.

Locating the correct customers can be another barrier since most American retailers do not have access to accurate databases and international demographic information. Marketers must also consider provincial level consumer protection regulations regarding spam, fraud, and customer op-in consent for mailing.

Canada: Country Commercial Guide 2007
(page 20- Electronic Commerce, page 9- Direct Marketing)
U.S. Commercial Service
Link: http://www.buyusainfo.net/docs/x_1174492.pdf

Canadians are the second largest users of the Internet after Americans. Online sales recorded their fourth consecutive year of strong double-digit growth in 2006. Combined private and public sector online sales increased 38.4% to C$39.2 billion. Online sales by private firms increased 37.2% to C$36.3 billion, while those by the public sector increased 55.4% to C$2.9 billion. This is the fourth year in a row that the overall value of e-commerce sales in Canada increased by 38% or more. *(page 9, Direct Marketing)*

Canada's e-commerce infrastructure is highly developed and closely integrated with that of the United States and data flows are virtually uninhibited. (page 20, Electronic Commerce)

Canada: E-learning in the Education and Training Market
December 2007, U.S. Commercial Service
Link: http://www.buyusainfo.net/docs/x_4166760.pdf

E-learning is the third most used internet application in Canada right behind website design and email. The e-Learning market in Canada was valued at $250 million in 2001, and recent numbers have indicated a market size of $2 billion in the year 2005, comprising approximately 4% of Canada's educational service industry.

United Kingdom

United Kingdom: Country Commercial Guide 2007
(pages 10-15- Internet Commerce)
U.S. Commercial Service
Link: http://www.buyusainfo.net/docs/x_2806182.pdf

In the last five years, Internet retail sales in the UK rose by over 350%, compared with growth of only 20% for all retail sales. UK consumers may buy goods freely over the Internet from overseas suppliers (with the exception of certain prohibited goods). As long as the correct paperwork accompanies the goods, there should not be any undue delay in the purchase clearing customs.

A local domain is not essential, as many UK firms use .com domains. If a U.S. company wishes to localize its site, the domain suffixes ".co.uk", ".uk.com" and ".org.uk" are easily obtained.

UK consumers are becoming much more aware of the issue of online identity theft and will generally only conduct financial transactions on secure websites (https). Paypal is a popular payment method.

Non-EU companies selling downloadable software to EU customers must be registered for VAT (currently 17.5% for most goods over £18) in at least one member state within the EU. Internet transactions are recognized as legal sales contracts.

United Kingdom: Growth in the Online Travel Sector
July 2007, U.S. Commercial Service
Link: http://www.buyusainfo.net/docs/x_486053.pdf

With 2007 sales estimated at $22 billion, the UK online travel sector is the largest in Western Europe, accounting for an estimated 45% market share. The Internet has completely transformed the UK travel distribution system and has become the most widely used travel network for buyers, suppliers, agents and consumers. Factors driving the growth of online travel in the UK include increased acceptance of new technology and trust in the Internet and expanded broadband

penetration. Originally perceived as a travel tool for the18-30 age group, the Internet is increasingly being used by the 45-and-over age group.

In 2006, Internet advertising in the UK exceeded $4 billion, a 41.2% surge in growth. This growth increased the Internet's share of all UK 2006 advertising revenues to 11.4%, up from 7.8% in 2005. According to PricewaterhouseCoopers, "the incredible growth of online advertising has beaten all industry predictions. The Internet has now overtaken National Press as marketers have followed their audiences online and have enjoyed measurable returns on their investment".

Additional Resource:

United Kingdom: 2007 e-Commerce FAQ
March 2007, U.S. Commercial Service
Link: http://www.buyusainfo.net/docs/x_6542231.pdf